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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

OMB APPROVAL	
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## FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 10/01/19 AND ENDING 09/30/20  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Franklin Templeton Financial Services Corp.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

One Franklin Parkway

(No. and Street)

San Mateo

CA

94403-1906

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

David Paterson

(801) 201-7042

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

PricewaterhouseCoopers, L.L.P.

(Name - if individual, state last, first, middle name)

405 Howard Street

San Francisco

CA

94105

(Address)

(City)

(State)

(Zip Code)

## CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

## FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, David Paterson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Franklin Templeton Financial Services Corp., as of September 30, 2020, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

David Pat

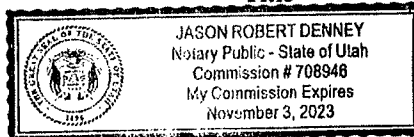
Signature

Chief Financial Officer

Title

Notary Public

11/17/2020



This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

# **Franklin Templeton Financial Services Corp.**

**Statement of Financial Condition**

**September 30, 2020**



## **Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholder of  
Franklin Templeton Financial Services Corp.

### ***Opinion on the Financial Statement – Statement of Financial Condition***

We have audited the accompanying statement of financial condition of Franklin Templeton Financial Services, Corp. (the “Company”) as of September 30, 2020, including the related notes (collectively referred to as the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of September 30, 2020 in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

The financial statement is the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of this financial statement in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

November 13, 2020

We have served as the Company's auditor since 1974.

**Franklin Templeton Financial Services Corp.**  
**Statement of Financial Condition**  
**September 30, 2020**

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**Assets**

Cash and cash equivalents .....	\$ 2,533,574
Due from affiliated entities .....	469,695
Other .....	124,984
<b>Total Assets .....</b>	<b><u>\$ 3,128,253</u></b>

**Liabilities**

Accounts payable and accrued expenses .....	\$ 31,533
Due to affiliated entities .....	821,206
<b>Total liabilities .....</b>	<b><u>852,739</u></b>

**Commitments and Contingencies (Note 4)**

**Stockholder's Equity**

Common stock, no par value; 1,000 shares authorized; 100 shares issued and outstanding .....	—
Additional paid in capital .....	8,605,169
Accumulated deficit .....	(6,329,655)
<b>Total stockholder's equity .....</b>	<b><u>2,275,514</u></b>
<b>Total Liabilities and Stockholder's Equity .....</b>	<b><u>\$ 3,128,253</u></b>

See Notes to Statement of Financial Condition.

**Franklin Templeton Financial Services Corp.**  
**Notes to Statement of Financial Condition**  
**September 30, 2020**

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**1. Business**

**Nature of Operations**

Franklin Templeton Financial Services Corp. (the "Company") is a wholly-owned subsidiary of Franklin Resources, Inc. ("Franklin"). The Company is registered with the United States Securities and Exchange Commission (the "SEC") as a broker-dealer, and with the Commodities Futures Trading Commission (the "CFTC") as an introducing broker. The Company serves as a direct marketing broker-dealer for institutional investors in mutual funds sponsored by Franklin and private investment vehicles to corporations, pension plans, trust, and high-net worth clients on behalf of other Franklin subsidiaries. The Company is a member of the Financial Industry Regulatory Authority, which is the designated examining authority of U.S. broker-dealers, and the Securities Investor Protection Corporation.

**2. Significant Accounting Policies**

**Basis of Presentation**

The statement of financial condition is prepared in accordance with accounting principles generally accepted in the United States of America, which require the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial condition. Management believes that the accounting estimates are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual amounts may differ from these estimates. The Company has evaluated subsequent events through November 13, 2020, which is the date that the statement of financial condition was issued.

**Related Parties**

Related parties are other Franklin subsidiaries ("affiliated entities"). Transactions with related parties are presented as amounts due to and from affiliated entities.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of nonconsolidated money market funds sponsored by Franklin and deposits with financial institutions, and are carried at cost. Due to the short-term nature and liquidity of these financial instruments, their carrying values approximate fair value.

The Company limits the amount of credit exposure with any given financial institution and conducts ongoing evaluations of the creditworthiness of the financial institutions with which it does business.

**Income Taxes**

The Company is included in the consolidated U.S. federal and several combined states income tax returns for Franklin.

Under an intercompany tax sharing agreement (the "Agreement"), Franklin allocates these income taxes to the Company using the separate return method except for tax benefits arising from its federal and combined state net operating losses, which are utilized by Franklin under the Agreement. As a result of this exception to the separate return method, the Company does not record deferred tax assets related to federal or combined state income tax losses in its statement of financial condition. Instead, these deferred tax assets are treated as transferred to Franklin. The Company tracks the net operating loss deferred tax assets in a separate memorandum account.

Consistent with the separate return method, deferred tax assets and liabilities, other than those related to federal and combined state net operating losses, are recorded for temporary differences between

**Franklin Templeton Financial Services Corp.**  
**Notes to Statement of Financial Condition**  
**September 30, 2020**

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the tax basis of assets and liabilities and the reported amounts in the financial statements using the statutory tax rates in effect for the year when the reported amount of the asset or liability is expected to be recovered or settled, respectively. The impact on deferred tax assets and liabilities of a change in tax rates, if any, is recognized in income tax expense in the period that includes the enactment date.

For each tax position taken or expected to be taken in a tax return, the Company determines whether it is more likely than not that the position will be sustained upon examination based on the technical merits of the position, including resolution of any related appeals or litigation. A tax position that meets the more likely than not recognition threshold is measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement.

**3. Taxes on Income**

At September 30, 2020, there were \$8,511,619 in federal net operating loss carry-forwards of which \$8,188,899 can be carried forward 20 years and will expire between 2022 and 2037 and \$322,720 can be carried forward indefinitely. The tax impact on these loss carry-forwards has been utilized by Franklin as of September 30, 2020.

At September 30, 2020, there were \$8,979,242 and \$5,268,191 in state of New York and New York City net operating loss carry-forwards, respectively, expiring between 2035 and 2038. There were also net operating loss carry-forwards of \$26,463 in the state of California and \$69,007 in the state of Connecticut expiring in 2038. The tax impact on the combined state loss carry-forwards is \$970,827, which was transferred to Franklin.

At September 30, 2020, the Company had no gross unrecognized tax benefits.

The Company is included in the consolidated U.S. federal and several combined states income tax returns for Franklin. The tax years of the major jurisdictions for which the statutes of limitations have not expired are New York City 2016 to 2020, and U.S. federal and the state of New York 2017 to 2020.

**4. Commitments and Contingencies**

**Legal Proceedings**

The Company is from time to time involved in litigation relating to claims arising in the normal course of business. Management is of the opinion that the ultimate resolution of any such claims will not materially affect the Company's business, financial position or liquidity.

**5. Net Capital Requirement**

The Company is subject to the SEC's Uniform Net Capital Rule ("Rule 15c3-1") and CFTC Regulation 1.17 ("the CFTC Rule"), each of which require the maintenance of minimum net capital.

In accordance with Rule 15c3-1, the Company is required under the basic method to maintain a minimum net capital of the greater of  $6\frac{2}{3}\%$  of aggregate indebtedness or \$50,000. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting indebtedness to net capital ratio exceeds 10 to 1. The CFTC Rule requires the greater of \$45,000 or the amount required under Rule 15c3-1.

**Franklin Templeton Financial Services Corp.**  
**Notes to Statement of Financial Condition**  
**September 30, 2020**

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As of September 30, 2020, the Company had net capital of \$1,634,355, which was \$1,577,506 in excess of its required net capital of \$56,849 under Rule 15c3-1 and the CFTC Rule. The percentage of aggregate indebtedness to net capital was 52.18%.

The Company does not claim an exemption under paragraph (k) of 17 C.F.R. § 240.15c3-3. The Company is relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 and the Company (1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers, (2) did not carry accounts of or for customers, and (3) did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year without exception.